

Message Text

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TO AMEMBASSY BERN PRIORITY

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C O N F I D E N T I A L STATE 122481

E.O. 11 :GDS

TAGS: D (JUSTICE INVESTIGATION OF CHICAGO KICKBACK

SUBJECT: JUDICIAL ASSISTANCE: POSSIBLE CHICAGO KICKBACK
PAYMENTS THROUGH SWISS BANK

1. THE DEPARTMENT OF JUSTICE HAS DELIVERED THE FOLLOWING
REQUEST TO THE DEPARTMENT:

BEGIN TEXT: THERE IS A DEPARTMENT OF JUSTICE INVESTIGATION IN PROGRESS IN CHICAGO CONCERNING APPARENT KICKBACKS TOTALLING \$1,000,000.00 IN THE AWARD OF LARGE CONTRACTS BY THE CITY. THE PAYMENT OF \$490,000.00 OF THESE KICKBACKS IS BEING MADE THROUGH A YET UNIDENTIFIED NUMBERED ACCOUNT IN THE BANCO SVIZZERIA AND ITALIA IN LUGANO, SWITZERLAND. THERE REMAIN TO BE MADE TWO OR THREE INSTALLMENTS OF \$70,000.00 EACH. THE NEXT INSTALLMENT IS TO BE MADE ON JUNE 15, 1975. TO AID IN THIS INVESTIGATION, THE JUSTICE DEPARTMENT REQUESTS THAT THE SWISS POLICE MAKE A SURVEILLANCE OF THIS PICKUP AND PHOTOGRAPH THE PERSON WHO WITHDRAWS THE FUNDS. JUSTICE WOULD LIKE THE SURVEILLANCE OF THIS PERSON TO CONTINUE UNTIL HE DEPARTS SWITZERLAND.

WE EXPECT THAT KNOWLEDGE OF THE IDENTITY AND ACTIONS OF
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THIS COURIER WILL CONFIRM OUR INDICATIONS OF THE

IDENTITIES OF THE RECIPIENTS OF THESE KICKBACKS.

SURVEILLANCE UNTIL DEPARTURE, WITH PROMPT COMMUNICATION OF INFORMATION ON THE DESTINATION OF THE COURIER WILL ENABLE SURVEILLANCE TO CONTINUE WITHIN THE UNITED STATES.

WE WOULD APPRECIATE THE EMBASSY'S USE OF ITS GOOD OFFICES IN INQUIRING WHAT, IF ANY, SUCH ASSISTANCE FROM THE SWISS GOVERNMENT MIGHT BE POSSIBLE.

THE FOLLOWING BACKGROUND INFORMATION EXPLAINS THIS SOMEWHAT UNUSUAL REQUEST. PAYMENT OF THE KICKBACKS THROUGH THE SWISS BANK ACCOUNT ARE ACCOMPLISHED THROUGH PERIODIC DEPOSITS MADE BY A EUROPEAN CORPORATION WHICH WE BELIEVE TO HAVE IDENTIFIED. AT THE TIME THE ACCOUNT WAS OPENED IN JANUARY, 1973, SEVEN COPIES OF A LETTER AUTHORIZING WITHDRAWAL WERE PREPARED, NUMBERED, DATED AND SIGNED BY THE CHAIRMAN OF THE BOARD OF THE CORPORATION. EACH LETTER AUTHORIZES THE BEARER TO WITHDRAW \$70,000,000 WITHOUT FURTHER IDENTIFICATION. THE COURIER, WHO WITHDRAWS THE MONEY AND TRANSPORTS IT BACK TO THE UNITED STATES, PRESENTS A COPY OF THE LETTER OF AUTHORIZATION, WHICH THE BANK COMPARES TO THE ORIGINAL. IF THE COPY IS IDENTICAL TO THE ORIGINAL, THE WITHDRAWAL IS ALLOWED.

AN IMPORTANT POTENTIAL WITNESS HAS MADE A PROFFER OF TESTIMONY WHICH HE IS WILLING TO GIVE IN EXCHANGE FOR A GRANT OF IMMUNITY. HE IS EXPECTED TO PROVIDE FULL DETAILS ON THESE TRANSACTIONS WHICH WILL POSITIVELY IDENTIFY THE EUROPEAN CORPORATION AND THE BANK ACCOUNT NUMBER, AMONG OTHER THINGS.

THE EUROPEAN DEPOSITOR CORPORATION IS A LEGITIMATE FIRM WHICH MAY NOT BE AWARE OF THE PURPOSE OF THESE DEPOSITS. IT IS MAKING THESE DEPOSITS AS PART OF THE SETTLEMENT OF A TOTALLY UNRELATED TRANSACTION WITH THE AMERICAN CORPORATION WHICH WAS AWARDED THE CITY CONTRACTS. IT WILL NOT BE CONTACTED UNTIL AFTER THERE HAS BEEN A DETERMINATION ON IMMUNITY FOR THE WITNESS, IN ORDER
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THAT WE MAY HAVE AS MUCH PREVIOUS INFORMATION AS POSSIBLE. THERE IS NO REASON TO EXPECT THE EUROPEAN CORPORATION TO BE UNCOOPERATIVE, PROBABLY HAVE NO HAS NO OBJECTIONS, THE BANK WILL PROBABLY HAVE NO OBJECTION TO COOPERATING BY INFORMING THE POLICE WHEN THE COURIER ARRIVES TO MAKE THE WITHDRAWAL. FOR THE SAME REASON WE EXPECT THE BANK TO BE RESPONSIVE TO ANY FUTURE REQUEST, VIA LETTERS ROGATORY, FOR RECORDS OF SUSPECT

TRANSACTIONS IN THAT ACCOUNT.

ON THE OTHER HAND, THE EUROPEAN CORPORATION AND/OR THE BANK MAY BE IN LEAGUE WITH THE AMERICAN CORPORATION, SO DISCLOSURE TO EITHER OF THEM OF THIS INVESTIGATION MIGHT RESULT IN INFORMING ALL POTENTIAL DEFENDANTS OF THE INVESTIGATION. EVIDENCE MIGHT CONSEQUENTLY BE DESTROYED OR GUILTY PARTIES MIGHT FLEE. WE KNOW THAT THE PRINCIPALS OF THE EUROPEAN CORPORATION HAVE OWNED SUBSTANTIAL INTERESTS IN THE BANCO SVIZZERIA AND ITALIA, AND MAY PRESENTLY HOLD A CONTROLLING INTEREST.

WE WOULD LIKE TO OBTAIN USABLE EVIDENCE THAT THIS WITHDRAWAL IS BEING MADE, AND BY WHOM. IF IT WERE TO HAPPEN IN THE UNITED STATES, INVESTIGATORS WOULD MAKE SURVEILLANCE OF THE TRANSACTION, TAKING PHOTOGRAPHS, IF POSSIBLE, THEY WOULD ALSO QUESTION THE BANK OFFICER ABOUT THE TRANSACTION AFTERWARD, AND WOULD ASK THE BANK FOR DOCUMENTS EVIDENCING THE TRANSACTION. IF DISCLOSURE OF THE INVESTIGATORS' PRESENCE TO THE PERSON MAKING THE WITHDRAWAL WOULD NOT PREJUDICE FURTHER INVESTIGATION, HE/SHE WOULD BE QUESTIONED AND POSSIBLY ARRESTED AND SEARCHED. AT THIS JUNCTURE, WE DO NOT KNOW WHETHER IT WILL BE PERMISSIBLE TO ALLOW THE SUBJECT OR THE BANK TO DISCOVER THE SURVEILLANCE. CONSEQUENTLY OUR REQUEST CANNOT BE SPECIFIC. ASSUMING THAT THE SWISS WOULD NOT PERMIT AN AMERICAN AGENT TO PERFORM ANY OFFICIAL ACT, EVEN ACCOMPANIED BY SWISS POLICE, WE WOULD LIKE TO KNOW WHAT, IF ANY, POLICE ASSISTANCE THE SWISS WOULD BE WILLING TO PROVIDE IN THIS MATTER.

THIS IS A RAPIDLY DEVELOPING INVESTIGATION WHEREIN WE MUST MAKE CONTINGENCY PLANNING FAR IN ADVANCE. WE WOULD
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APPRECIATE YOUR ACCORDING PRIORITY TREATMENT TO THIS REQUEST. WE APPRECIATE THE DELICACY OF SUCH A MATTER AND RELY ON YOUR EXPERT JUDGMENT IN ITS HANDLING.
END TEXT.'

2. THE EMBASSY IS REQUESTED TO DISCUSS THIS MATTER EXPEDITIOUSLY WITH THE APPROPRIATE SWISS AUTHORITIES AND DETERMINE THE DEGREE OF COOPERATION THEY CAN PROVIDE TO SUPPORT THE JUSTICE INVESTIGATION. IN VIEW OF THE SHORT TIME REMAINING BEFORE THE COURIER'S SCHEDULED JUNE 15 PICK-UP, THE EARLIEST POSSIBLE REPLY WOULD BE APPRECIATED. INGERSOLL

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